

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: April 2, 2003
To: Supervisor Lee Holloway, Chairman, Milwaukee County Board of Supervisors
Scott Walker, Milwaukee County Executive
From: Director of Audits
Subject: Department of Audit 2002 Performance Report

We are pleased to present this report on the Department of Audit's 2002 performance in relation to Adopted Budget Outcome targets. Attached is the prescribed form containing the department's four outcomes and eight indicators and targets for 2002.

As expressed in our Mission Statement and reflected in our desired outcomes, the Department of Audit places great importance on providing accurate and timely information and analyses to both policy and administrative decision makers in Milwaukee County government. We are proud of the high level of satisfaction expressed by both County Board Supervisors and department heads with audit services rendered in 2002. It is through more informed decision-making that we seek to improve accountability in the provision of services and thus enhance the public trust in County governance. It is also our pleasure to note that we exceeded our target of attaining a 2 to 1 ratio of dollar savings/revenue enhancements to audit costs. For audit services rendered in 2002, savings/revenue enhancements exceeded audit costs by a ratio of 5.8 to 1.

In addition to the positive performance results indicated for 2002, we would like to note some of the less tangible positive impacts of the Department of Audit during the year. For instance:

- **Enhanced Program Management.** Audits have identified areas where services to citizens could be improved through better management of County programs. While direct dollar savings have not always resulted from these types of reviews, program effectiveness and administrative accountability is improved. Examples for 2002 included audits of the *Wraparound Program* administered by the Behavioral Health Division, the *Department of Human Resources' Role in the Hiring Process* and the *Register of Deeds Vital Statistics/Identification Division*.
- **Safeguarding Assets.** Traditionally, audits have focused on management controls to ensure accountability for expenditures and cash collections. Although the Department of Audit emphasizes performance audits, we continue to conduct audits that ensure good stewardship. In 2002, examples included audits or reviews of the County's use of the Purchasing Card (follow-up report), a review of Projected Investment Earnings from the County's Portfolio and the annual review of rental payment calculations from the Wauwatosa School District.
- **Audit Hotline.** Referrals through the Audit Hotline have generated both tangible and intangible benefits. One intangible benefit is the clear message sent to the public that Milwaukee County is concerned about high quality government services. Another message sent to those who might consider engaging in questionable activities is that we are serious about maintaining a clean government. As a result of Hotline activities, and in conjunction with the Internal Revenue Service, the Federal Bureau of Investigation and the U.S. Attorney's Office, we obtained and provided documentation that was used to help indict several individuals for defrauding the Wisconsin Medicaid program. Through early detection stemming from Hotline activities, the County was also held harmless in cases involving about \$65,000 in fraudulent checks.

Supervisor Lee Holloway, Chairman, Milwaukee County Board of Supervisors
Scott Walker, Milwaukee County Executive
April 2, 2003
Page Two

- ***Strengthening County Government.*** The Department of Audit participated in a wide variety of efforts in 2002 to make our government stronger. For instance, we provided staff support for the Greater Milwaukee County Committee's *Select Committee on Milwaukee County Government*. We authored the comprehensive report *Audit of Milwaukee County's Development and Adoption of 2001—2004 Wage and Benefit Package*. Working with County Board staff, we provided important projections of *Sick Leave Payouts* early in 2002 and provided requested scrutiny to projected health care savings in *Review of Health Care Cost Reduction Plan* during budget deliberations. A series of *Management Structure Reports* were produced to provide a blueprint for future changes in the organizational structures of the Departments of Public Works, Human Services, Parks and Administrative Services. Each of these reports was prepared to provide the County Board with data and analyses from which more informed policy decisions can be made in the interests of the citizens of Milwaukee County.

We look forward to continuing our efforts to constantly improve our performance and to meet the needs of the Milwaukee County Board, the Executive Branch, and the citizens of Milwaukee County.



Jerome J. Heer
Director of Audits

JJH/DCJ/kjw

Attachment

cc: Milwaukee County Board of Supervisors
Linda Seemeyer, Director, Department of Administrative Services
Anne Szczygiel, Budget Manager, Department of Administrative Services
Rob Henken, County Board Director of Research
Lauri Henning, Chief Committee Clerk, County Board Staff

OUTCOME MEASURES PROGRESS REPORT

2002 Year-End

DEPARTMENT NAME: **Audit**

Mission Statement: Through independent, objective and timely analysis of information, the Milwaukee County Department of Audit assists both policy makers and program managers in providing high-quality services in a manner that is honest, efficient, effective and accountable to the citizens of Milwaukee County.

Outcome		Indicator	Learning Target	2002 Result	Explanatory Notes
1.	Improved pool of knowledge concerning Milwaukee County issues and programs among policy and administrative decision-makers.	1a. Department heads' satisfaction with Audit services.	1a. 75% of survey responses have an average score indicating satisfied or better with Audit Services.	1a. 18 of 21 survey respondents (85.7%) had an average score indicating satisfied or better with Audit Services.	1a. Surveys of department heads included questions on the value of reports, the reasonableness and practicality of recommendations, the objectivity and professionalism of staff and the impact of the Audit Department on public perceptions.
		1b. County board of Supervisors' satisfaction with Audit services.	1b. 75% of survey responses have an average score indicating satisfied or better with Audit services.	1b. 9 of 9 survey respondents (100%) had an average score indicating satisfied or better with Audit Services.	1b. The cumulative average survey response score was 4.4 on a 5-pt. scale.

Outcome		Indicator	Learning Target	2002 Result	Explanatory Notes
2.	Increased County Board level of confidence in Milwaukee County's management of resources and program administration.	2. County Board of Supervisors' confidence in Departments' management of resources and program administration.	2. 75% of survey responses have an average score indicating Dept. of Audit has had a positive impact on their confidence in Milwaukee County's management of resources and program administration.	2. 8 of 8 survey respondents (100%) had an average score indicating the Dept. of Audit has had a positive impact on their confidence in Milwaukee Co.'s management of resources and program administration.	2. The cumulative average survey response score was 4.0 on a 5-pt. scale.
3.	Improved efficiency and effectiveness of Milwaukee County government services.	<p>3a. Dollar savings in the form of expenditure reductions, revenue enhancements or increased productivity of existing resources in relation to audit costs incurred.</p> <p>3b. Percentage of recommendations or alternatives accepted by management consistent with County priority outcomes (i.e., improve services, reduce duplication, etc.).</p>	<p>3a. Ratio of at least 2:1 dollar savings per dollar audit costs.</p> <p>3b. At least 95% of recommendations or alternatives for operation or program improvements accepted by management.</p>	<p>3a. Ratio of dollar savings per dollar audit costs in 2002 was 5.8 to 1.</p> <p>3b. 72 of 73 audit recommendations (98.6%) presented in audit reports issued in 2002 were accepted by auditees.</p>	<p>3a. 2002 audit savings/revenue enhancements = \$12,422,874. This figure includes estimated one-time savings as well as projections of recurring savings over a five-year period, discounted for present value. Audit costs in 2002 totaled \$2,130,149.</p> <p>3b. This outcome was modified to represent a percentage of recommendations accepted, rather than a specific quantity of recommendations accepted.</p>

Outcome		Indicator	Learning Target	2002 Result	Explanatory Notes
4.	Increased public trust and satisfaction with Milwaukee County government services.	4a. Department heads' perceptions of public trust and satisfaction with Milwaukee County government services.	4a. 75% of survey responses have an average score indicating the Dept. of Audit had a positive impact on the public's general level of trust and satisfaction with services provided.	4a. 15 of 17 survey respondents (88.2%) had an average score indicating the Dept. of Audit had a positive impact on the public's general level of trust and satisfaction with services provided.	4a. The cumulative average survey response score was 4.3 on a 5-pt. scale.
		4b. County Board of Supervisors' perceptions of public trust and satisfaction with Milwaukee County government services.	4b. At least 75% of survey responses have an average score indicating the perception that their constituents have trust in County government and are reasonably satisfied with County government services.	4b. 6 of 8 survey respondents (75%) had an average score indicating the Dept. of Audit had a positive impact on their constituents' general level of trust and satisfaction with Co. services.	4b. The cumulative average survey response score to these questions was 4.1 on a 5-pt. scale.
		4c. Public's perceptions concerning the issue of trust and satisfaction with Milwaukee County government services.	4c. At least 51% of survey responses (utilizing planned annual or biannual Countywide citizen survey) have an average score indicating trust in county government and reasonable satisfaction with County government services.	4c. No survey conducted.	4c. No cost-effective means of surveying general public perception is available at this time.